



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
GRANT COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE GRANT COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Grant County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances decreased by \$3,672,902 from the prior fiscal year, resulting in a cash surplus of \$4,090,390, as of June 30, 2000. Revenues increased by \$969,644 from the prior year and disbursements increased by \$1,160,526.

Debt Obligations:

Total bonded debt principal as of June 30, 2000, was \$8,530,000. Future collections of \$8,530,000 are needed over the next twenty-four years to pay all bonded debt principal.

Capital lease principal agreements totaled \$3,055,000 as of June 30, 2000. Future principal payments of \$3,055,000 are needed to meet these obligations.

Report Comments:

- Bank Accounts Should Be Reconciled On A Monthly Basis

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Darrell Link, Grant County Judge/Executive
Members of the Grant County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Grant County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Grant County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Grant County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000 of Grant County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
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In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2001, on our consideration of Grant County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following finding:

- Bank Accounts Should Be Reconciled On A Monthly Basis

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Grant County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 15, 2001

GRANT COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Darrell Link	County Judge/Executive
Patricia Conrad	Magistrate
Kenneth Messer	Magistrate
Richard Austin	Magistrate

Other Elected Officials:

James Purcell	County Attorney
Gary Louie Jump	Jailer
Judy Fortner	County Clerk
Shirley Wilson	Circuit Court Clerk
Randall Middleton	Sheriff
Phyllis Beach	Property Valuation Administrator
Marylee Willoby	Coroner

Appointed Personnel:

Roger Layne Wagoner	County Treasurer
Connie McClure	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

GRANT COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash \$ 1,779,685

Due From Payroll Revolving Account 17,407

Road and Bridge Fund:

Cash 127,657

Jail Fund:

Cash 50,032

Local Government Economic Assistance Fund:

Cash 7,557

Forestry Fund:

Cash 699 \$ 1,983,037

Debt Service Fund Type

Public Properties Corporation Fund:

Cash 2,107,353

Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for Lease
Obligations - Principal Payments 3,055,000

Debt Service Fund Type

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Payments 8,530,000

Total Assets and Other Resources \$ 15,675,390

The accompanying notes are an integral part of the financial statements.

GRANT COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund:

Capital Lease Obligation - Principal Payments (Note 5)	\$ 3,055,000	
Payroll Revolving Account-		
Due to General Fund (Note 8)	<u>17,407</u>	\$ 3,072,407

Debt Service Fund Types

Public Properties Corporation Fund:

Bonds Not Matured (Note 4)		8,530,000
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Fund Balances

Reserved:

Debt Service Fund Type

Public Properties Corporation Fund		2,107,353
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Unreserved:

General Fund Type

General Fund	\$ 1,779,685	
Road and Bridge Fund	127,657	
Jail Fund	50,032	
Local Government Economic Assistance Fund	7,557	
Forestry Fund	<u>699</u>	<u>1,965,630</u>
Total Liabilities and Fund Balances		<u>\$ 15,675,390</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

GRANT COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 4,990,526	\$ 3,699,655	\$ 775,362	\$ 211,430
Transfers In	1,386,135			959,619
Kentucky Advance Revenue Program	1,476,905	1,413,935	62,970	
Total Cash Receipts	<u>\$ 7,853,566</u>	<u>\$ 5,113,590</u>	<u>\$ 838,332</u>	<u>\$ 1,171,049</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,188,218	\$ 2,451,079	\$ 941,855	\$ 764,439
Schedule of Unbudgeted Expenditures	3,879,714			
Transfers Out	1,386,135	959,619		426,516
Bonds:				
Principal Paid	35,000			
Interest Paid	403,561			
Capital Lease Principal:				
Corinth Water District	32,000	32,000		
Bullock Pen - Phase III	40,000	40,000		
Health Department	21,000	21,000		
Bullock Pen - Phase IV	11,000	11,000		
Kentucky Advance Revenue Program Repaid	1,476,905	1,413,935	62,970	
Total Cash Disbursements	<u>\$ 11,473,533</u>	<u>\$ 4,928,633</u>	<u>\$ 1,004,825</u>	<u>\$ 1,190,955</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (3,619,967)	\$ 184,957	\$ (166,493)	\$ (19,906)
Cash Balance - July 1, 1999	<u>7,710,357</u>	<u>1,612,135</u>	<u>294,150</u>	<u>69,938</u>
Cash Balance - June 30, 2000	<u>\$ 4,090,390</u>	<u>\$ 1,797,092</u>	<u>\$ 127,657</u>	<u>\$ 50,032</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

GRANT COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 2000
(Continued)

General Fund Types		Debt Service Fund Types	
Local Government Economic Assistance Fund	Forestry Fund	Public Properties Corporation Fund	
\$ 26,925	\$ 1,621	\$ 275,533	
		426,516	
<u>\$ 26,925</u>	<u>\$ 1,621</u>	<u>\$ 702,049</u>	
\$ 29,495	\$ 1,350	\$	
		3,879,714	
		35,000	
		403,561	
<u>\$ 29,495</u>	<u>\$ 1,350</u>	<u>\$ 4,318,275</u>	
\$ (2,570)	\$ 271	\$ (3,616,226)	
10,127	428	5,723,579	
<u>\$ 7,557</u>	<u>\$ 699</u>	<u>\$ 2,107,353</u>	

The accompanying notes are an integral part of the financial statements.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Grant County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Grant County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Grant County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Grant County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Grant County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), and Forestry Fund.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Grant County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 3. Deposits

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

The Grant County Public Properties Corporation has the following bond issues outstanding as of fiscal year ending June 30, 2000:

- A. The Grant County Public Properties Corporation issued \$910,000, First Mortgage Revenue Bonds dated August 1995, for the construction of a jail. Principal payments are due each year on July 1. Interest on the bonds is payable each July 1 and January 1, beginning January 1, 1996. The Public Properties Corporation holds a \$91,000 certificate of deposit at Eagle Bank. The semi-annual interest earned on the certificate of deposit is applied toward the debt service amount due. The principal balance outstanding for the bond issue as of fiscal year ended June 30, 2000 was \$755,000.

Debt Service Schedule

<u>Fiscal Year Due</u>	<u>Interest Rate</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2000-01	5.00%	\$ 44,125	\$ 35,000
2001-02	5.10%	42,358	35,000
2002-03	5.20%	40,425	40,000
2003-04	5.30%	38,325	40,000
2004-05	5.40%	36,185	40,000
2005-19	5.50-6.00%	193,003	600,000
Total Principal			\$ 790,000
Less: Principal Due July 2000, Paid June 2000			35,000
Total Principal Outstanding			<u>\$ 755,000</u>

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

- B. The Grant County Public Properties Corporation issued \$7,775,000, First Mortgage Revenue Bonds dated August 1998, for the construction of a jail addition. Principal payments are due each year on July 1, in the amounts indicated below starting July 1, 2000. Interest on the bonds is payable each July 1 and January 1, beginning January 1, 1999. The principal balance outstanding for this bond issue as of fiscal year ended June 30, 2000, was \$7,775,000.

Debt Service Schedule

<u>Fiscal Year Due</u>	<u>Interest Rate</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2000-01	4.60%	\$ 360,179	\$ 170,000
2001-02	4.60%	352,129	180,000
2002-03	4.60%	343,734	185,000
2003-04	4.60%	334,994	195,000
2004-05	4.60%	325,909	200,000
2005-24	4.60-4.70%	3,742,448	6,845,000
Total Principal Outstanding			<u>\$ 7,775,000</u>

The total bond principal outstanding for the Public Properties Corporation Fund, shown in the debt service schedules above, as of June 30, 2000, is \$8,530,000.

Note 5. Lease-Purchase Agreements

The county has entered into the following capital lease-purchase agreements:

- A. Grant County entered into a lease agreement with the Kentucky Association of Counties Leasing Trust (KACo) for the construction of rural waterlines by the Corinth Water District. A total of \$1,245,000 was awarded to Grant County on March 31, 1994. The agreement calls for Grant County to make increasing annual payments for twenty-five years beginning January 1995, and ending January 2019, with the option to renew the lease each year. Interest will be paid monthly at an effective rate of 5.37 percent. The outstanding principal balance as of June 30, 2000, was \$1,077,000.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2000-01	\$ 67,950	\$ 34,000
2001-02	65,749	35,000
2002-03	63,458	37,000
2003-04	61,040	39,000
2004-05	58,466	42,000
2005-19	451,887	<u>890,000</u>
Total Principal Outstanding		<u>\$ 1,077,000</u>

- B. Grant County entered into a lease agreement with KACo for the construction of waterlines for the Bullock Pen – Phase III Water Expansion Project. A total of \$1,500,000 was awarded to Grant County during fiscal year ended June 30, 1996. The agreement calls for Grant County to make annual payments beginning September 1995, and ending February 2019. Interest will be paid monthly at an effective rate of 5.45 percent. The outstanding principal balance as of June 30, 2000, was \$1,352,000.

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2000-01	\$ 86,394	\$ 42,000
2001-02	83,594	45,000
2002-03	80,627	47,000
2003-04	77,503	50,000
2004-05	74,212	52,000
2005-19	574,027	<u>1,116,000</u>
Total Principal Outstanding		<u>\$ 1,352,000</u>

- C. Grant County entered into a lease agreement with KACo for the expansion of Health Department facilities. A total of \$400,000 was awarded to Grant County. The agreement calls for Grant County to make increasing annual payments for fifteen years beginning June 1996, and ending February 2011. Interest will be paid monthly at an effective rate of 5.35 percent. The outstanding principal balance as of June 30, 2000, was \$322,000.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2000-01	\$ 19,940	\$ 22,000
2001-02	18,484	24,000
2002-03	16,928	25,000
2003-04	15,308	26,000
2004-05	13,624	27,000
2005-19	40,889	198,000
Total Principal Outstanding		<u>\$ 322,000</u>

- D. Grant County entered into a lease agreement with KACo for the construction of waterlines for the Bullock Pen Water Expansion Project - Phase IV. A total of \$336,000 was awarded to Grant County. The agreement calls for Grant County to make annual payments beginning October 1996, and ending February 2016. Interest will be paid monthly at an effective rate of 5.13 percent. The outstanding principal balance as of June 30, 2000, was \$304,000.

<u>Fiscal Year Due</u>	<u>Scheduled Interest</u>	<u>Principal Amount</u>
2000-01	\$ 18,310	\$ 12,000
2001-02	17,575	12,000
2002-03	16,815	13,000
2003-04	15,993	14,000
2004-05	15,111	15,000
2005-19	92,399	238,000
Total Principal Outstanding		<u>\$ 304,000</u>

The total principal outstanding as of June 30, 2000 for the four capital leases listed above is \$3,055,000.

The capital leases listed above were subsequently sub-leased to each applicable district. The districts make monthly payments to the county for the debt service requirements in accordance with the sub-lease agreements.

Note 6. Insurance

For the fiscal year ended June 30, 2000, Grant County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

GRANT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 7. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable jail canteen operations.

During fiscal year ended June 30, 2000, the Grant County Jail Canteen received \$126,298, and expended \$114,219. The jail canteen reported an ending balance of \$68,701, for fiscal year ended June 30, 2000.

Note 8. Payroll Funds Due The General Fund

A \$17,407 reconciled cash balance existed in the payroll revolving account as of June 30, 2000. It was determined that too much money was transferred from the General Fund to the Payroll Fund during the fiscal year; therefore, this amount should be transferred back to the General Fund.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

GRANT COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 3,279,773	\$ 3,699,655	\$ 419,882
Road and Bridge Fund	1,279,401	775,362	(504,039)
Jail Fund	1,634,685	211,430	(1,423,255)
Local Government Economic Assistance Fund	30,906	26,925	(3,981)
Forestry Fund	1,528	1,621	93
	<hr/>	<hr/>	<hr/>
Totals	<u>\$ 6,226,293</u>	<u>\$ 4,714,993</u>	<u>\$ (1,511,300)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 6,226,293
Add: Budgeted Prior Year Surplus			1,213,115
Less: Other Financing Uses			<u>(2,007,421)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 5,431,987</u>

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SCHEDULE OF OPERATING REVENUE

GRANT COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

GOVERNMENTAL FUND TYPES

	Totals (Memorandum Only)	General Fund Type	Debt Service Fund Type
<hr/>			
REVENUE:			
Taxes	\$ 1,473,242	\$ 1,473,242	\$
Excess Fees	120,468	120,468	
License and Permits	104,779	104,779	
Intergovernmental Revenues	1,755,893	1,755,893	
Charges for Services	46,147	46,147	
Miscellaneous Revenues	1,006,804	1,005,675	1,129
Interest Earned	483,193	208,789	274,404
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Total Operating Revenue	<u>\$ 4,990,526</u>	<u>\$ 4,714,993</u>	<u>\$ 275,533</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

GRANT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,210,855	\$ 1,099,198	\$ 111,657
Protection to Persons and Property	1,235,489	1,010,059	225,430
General Health and Sanitation	399,781	386,660	13,121
Social Services	25,000	6,603	18,397
Recreation and Culture	236,086	170,471	65,615
Roads	1,152,365	910,062	242,303
Other Transportation Facilities and Services	6,000	6,000	
Debt Service	227,462	194,971	32,491
Capital Projects	135,000		135,000
Administration	803,949	404,194	399,755
Total Operating Budget - All General Fund Types	\$ 5,431,987	\$ 4,188,218	\$ 1,243,769
Other Financing Uses:			
Transfers to Public Properties			
Corporation Bond Fund-			
Principal	205,000	205,000	
Interest	221,516	221,516	
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal	1,476,905	1,476,905	
Capital Lease Agreement-			
Principal on Lease	104,000	104,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 7,439,408</u>	<u>\$ 6,195,639</u>	<u>\$ 1,243,769</u>

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SCHEDULE OF UNBUDGETED EXPENDITURES

GRANT COUNTY
SCHEDULE OF UNBUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

DEBT SERVICE FUND TYPE

<u>Expenditure Items</u>	<u>Public Properties Corporation Fund</u>
Treasurer Bond	\$ 290
Annual Report Fee	1,504
Construction Expenditures	3,763,957
Transfers to Fiscal Court	107,363
Legal Fees	<u>6,600</u>
Total	<u>\$ 3,879,714</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Darrell Link, Grant County Judge/Executive
Members of the Grant County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Grant County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated June 15, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Grant County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grant County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Grant County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying comment and recommendation.

- Bank Accounts Should Be Reconciled On A Monthly Basis

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 15, 2001

COMMENT AND RECOMMENDATION

GRANT COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2000

REPORTABLE CONDITION

Bank Accounts Should Be Reconciled On A Monthly Basis

The bank account holding payroll funds was not reconciled on a monthly basis. According to the accounting and documenting provisions set out in regulations promulgated pursuant to KRS 68.210, official bank accounts should be reconciled monthly. We recommend the county judge executive require reconciliations be completed for all county bank accounts.

County Judge/Executive's Response:

We have begun to explore and implement additional software, which would automate and therefore expedite the reconciliation process within the Payroll Fund.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

GRANT COUNTY FISCAL COURT

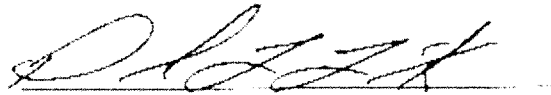
Fiscal Year Ended June 30, 2000

Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
GRANT COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Grant County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer